

1.941  
58 Ag 82  
Cop. 2

FOR RELEASE  
APRIL 24, A.M.  
1956

# The AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE, U.S.D.A.

WASHINGTON, D. C.

AMS

AOD-16 APRIL 1956

Prices received by farmers are likely to average close to the present level during the rest of 1956.

This outlook is based on the prospect for strong demand, a total supply about equal to last year and the fact that price supports for most 1956 crops will be much the same as those for 1955 crops.

Higher consumer income this year is expected to boost the already strong demand for goods and services.

The signs point to a renewed expansion in economic activity after the lull of recent months...but the rise is likely to be slower than in 1955. Businessmen have sharply increased spending for new plants and equipment...a further moderate increase is likely. Government spending--Federal, State and local--is likely to be above 1955. Home building is expected to pick up and further gains are in prospect for other types of construction.

Increased spending by business and government will help keep production and employment high and step up the flow of income. But consumers may not increase their spending as much as their income goes up. A larger share will go to paying off debts.

Food is likely to share in the increase in demand for goods and services. But as in other recent years, consumers are likely to want more services in connection with the food they buy. Thus, only part of the increased demand at retail will show up in farm markets.

Exports of farm products this year are likely to about equal 1955. So far in 1956, a big drop in cotton has held total exports below a year earlier. Later in the year, however, cotton shipments are likely to pick up as the new program for selling cotton at competitive world prices gets under way.

Supplies will continue heavy throughout 1956. Stocks of grains and cotton are at record levels and output of most livestock products is running ahead of last year. However, farmers' reported earlier in 1956 that they plan a slight reduction from 1955 in total acreage planted to crops.

Support prices for most basic commodities are a little under last year. Supports for soybeans, flaxseed, manufacturing milk and butterfat are somewhat higher. The incentive level for 1956 wool is the same as in 1955.

Farmers' cash receipts in 1956 probably will fall a little short of 1955. Lower prices in the first part of the year are mainly responsible. However, production of tobacco, rice and cotton may be reduced because of smaller acreage allotments and possibility yields won't reach last year's records.

Farm production expenses also will be down slightly, mainly because of lower costs for feed and replacement livestock. However, decline won't equal drop in gross. As a result, some further decline in the net income is being realized by farm operators. This outlook could, of course, be altered by possible changes in farm programs.

LIVESTOCK. Hog production is beginning to decline. Farmers probably are cutting this spring's pig crop more than the 2% planned last winter. A smaller fall crop than last year is in prospect. Hog slaughter probably will drop below a year earlier this fall and stay below for some time. This points to a much smaller seasonal price decline this fall than last year...prices late in the year are expected to be above a year earlier.

Fewer cattle were on feed April 1 than a year earlier and they will not be fed to as heavy weight and high finish. Top grades are likely to make a substantial price rise this summer. Supplies of intermediate and lower grade cattle the rest of this year are likely to be up considerably from last year. Stockers and feeders are likely to continue to bring lower prices than in 1955.

DAIRY. Milk output, running at a record rate, is expected to total 127 billion pounds this year 2 1/2 billion more than last. Feed prices are well below average in relation to milk prices. With milk consumption up, price support purchases in 1956-57 probably will be about the same as last year.

POULTRY AND EGGS. Heavier marketings of poultry products are likely in the last half of 1956 than a year earlier. In the first quarter, the replacement hatch for the laying flock, and hatchings of turkey poult were up. Broiler chick placements indicate continued heavy marketings into July.

FATS AND OILS. The rise in soybean prices from mid-March to mid-April pushed them above a year earlier for the first time this season. Exports through March this season were up 15% from last year.

FEED GRAIN. A big feed supply is likely in 1956-57. Farmers are planning a moderate cut in acreage planted to feed grains, but the carryover will be a record. With a normal growing season, the total supply of concentrates is likely to be only a little below the 1955-56 peak.

WHEAT. The winter crop was forecast as of April 1 at 716 million bushels, 11 million more than last year. No estimate of the spring crop has been made. But if farmers plant the acreage they intended earlier this spring and yields are average, around 904 million bushels would be produced. This would be only a little more than is being used or exported this marketing year.

FRUITS. Total supplies of fresh and processed fruits this spring will be at least as large as last year. Freeze damage to apples and peaches has been considerably less than last spring. Production of mid-spring strawberries is expected to be up.

POTATOES: Farmers acreage plans indicate smaller supplies of potatoes from late spring on. If this occurs, prices are likely to average substantially higher than the low level of a year earlier.

COTTON. U. S. mill consumption this season is running higher than last year; probably will be 400,000 bales above the 1954-55 total of 8.8 million. But exports probably will fall about 1.4 million below last season's 3.4 million. In this case, the carryover next August 1 will rise to a record 14.7 million bales.

Cotton prices have increased as large quantities have moved under loan. They now average above a year ago.

WOOL. Preliminary information suggests that government payment on shorn wool marketings under the 1955 program will be around 40% of the value of each producer's sales. For pulled wool, payment may be around 72 cents per hundred pounds on live weight of eligible marketings of sheep and lambs.

TOBACCO. The increased output of cigarettes in prospect this year may not lead to increased use of cigarette tobaccos. Apparently, less leaf is being used per cigarette than formerly.